

BILL # SB 1344

SPONSOR: Weiers

REQUESTED BY: House

TITLE: ~~transplantation awareness; special license plates~~
Now: vehicle license plates; funding

STATUS: S/E House Appropriations Committee
Amendment

PREPARED BY: Bob Hull

	FISCAL YEAR		
	2003	2004	2005
EXPENDITURES			
State Highway Fund	\$-0-	\$233,500	\$-0-
REVENUES			
State Highway Fund/Highway User Revenue Fund	\$-0-	Unknown	Unknown

FISCAL ANALYSIS

Description

The strike everything House Appropriations Committee amendment includes the following provisions:

- 1) Currently owners who sell their vehicles and surrender or destroy their license plates can use their unexpired vehicle registration and license plate fees and taxes toward the vehicle registration and license plate fees and taxes for another vehicle. Alternatively, they can get a refund if their credits exceed \$350. Unused credits decrease monthly for the remainder of the original 1 or 2-year vehicle registration period. The amendment would freeze the credits and make them fully available toward the owner's vehicle registration and license plate fees and taxes for one other vehicle. Any excess credit, or any available credits unapplied by the end of the original registration period, would be deleted. The Arizona Department of Transportation (ADOT) would not issue any refunds. The amendment also specifies that owners would not be entitled to a credit or a refund if the vehicle is registered in another state, unless the owner applies the credit to another vehicle for registration in this state.
- 2) The amendment would require that any special license plates with a disability symbol, including but not limited to honored military license plates, can only be charged a special plate fee and not an additional \$25 annual personalized plate fee for the disability symbol. Honored military license plates include congressional medal of honor, former prisoner of war, pearl harbor survivor, and purple heart medal plates.
- 3) The amendment would require ADOT to issue a transplantation awareness special plate, if a private nonprofit group pays \$32,000 to ADOT for implementation costs by June 30, 2004.

Estimated Impact

- 1) The revenue impact of the amendment's changes to credits and refunds beginning in FY 2005 for unexpired vehicle registration and license plate fees and taxes is unknown. Revenue might both decrease due to more credits being available for use, and it might increase due to refunds no longer being issued. We cannot quantify the revenue impact, due to data limitations in the information provided by ADOT. In addition, the revenue impact of the amendment is unknown for Highway User Revenue Fund (HURF) and vehicle license tax distributions to local governments beginning in FY 2005.

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Estimated Impact (Cont'd)

- 2) For disability license plates, the amendment would decrease annual revenue by \$(3,200) to HURF beginning in FY 2005, including annual decreases of \$(1,400) to the State Highway Fund and \$(1,800) to local governments. This is based on ADOT's report that there are currently 127 special plates which would be covered by the amendment.
- 3) There would be no implementation cost to ADOT, if a transplantation awareness special plate is issued. ADOT estimates implementation costs of \$32,000, which is the amount that a private nonprofit group would be required to pay to ADOT to implement the program. Some unknown increase in revenue to the State Highway Fund and Transplantation Awareness Fund would occur. However, ADOT could not estimate the annual volume of transplantation awareness special plates which would generate such revenue.

ADOT does not estimate the revenue impact of this amendment. ADOT, however, estimates a total one-time cost of \$233,500 to the State Highway Fund to implement the amendment's provisions for vehicle registration credits and disability special plates, including \$122,000 for changes to credits for vehicle registration and license plate fees and taxes, and \$111,500 for special vehicle license plates with a disability symbol. The amendment would pay for the estimated \$233,500 of total implementation costs, by allocating \$158,000 from a previous non-lapsing appropriation from the State Highway Fund to ADOT, and the department would absorb the remaining \$75,500 to publicize the vehicle registration credit and refund provisions. ADOT reports that the \$158,000, which the amendment allocates for implementation costs of this act, includes \$46,500 for programming for credits for vehicle registration and license plate fees and taxes and \$111,500 for programming and forms for disability special plates.

Analysis

- 1) Credits for vehicle registration and license plate fees and taxes:

The amendment would allow owners to have longer use of the full amount of their unexpired vehicle registration and license plate fees and taxes than allowed by current law, since it would freeze the unexpired credits and make them fully available for the remainder of the original registration period. On the other hand, ADOT would no longer issue refunds and the credits could only be used toward the owner's vehicle registration and license plate fees and taxes for one other vehicle. ADOT reports that \$22,397,100 of credits were used, and 1,880 refunds totaling \$924,200 were issued in calendar year 2002. These dollar amounts included various fees and taxes, such as vehicle license tax, gross weight fees, commercial registration fees, special plate fees, and motor carrier fees. ADOT had \$14,195,800 of unused vehicle license tax credits available on their computer system at the end of calendar year 2002. The revenue impact of the amendment is unclear, since more credits might be used, but no refunds would be issued. We cannot quantify the revenue impact, due to data limitations in the information provided by ADOT.

ADOT estimates one-time expenditures of \$122,000 from the State Highway Fund, including \$46,500 for programming and \$75,500 for the printing of public notices and inserts in renewals. ADOT reports that they usually contract out this type of programming. The \$46,500 for programming includes \$2,600 for a senior analyst, \$29,500 for a programmer, and \$14,400 for a business process analyst. ADOT's estimate of \$75,500 for printing includes \$3,700 for 500 posters, \$11,500 for 500,000 tri-fold brochures, and \$60,300 for 8,835,000 inserts. The amendment allocates a total of \$158,000 for implementation costs of this act, from a \$2,750,400 previous non-lapsing appropriation from the State Highway Fund to ADOT in FY 2002 for unspecified Motor Vehicle Division security enhancement issues and computer equipment upgrades. ADOT had reported that \$2,480,200 of the \$2,750,400 non-lapsing appropriation in FY 2002, was unexpended and unencumbered as of October 2002. The total allocation of \$158,000 for implementation costs of this act, includes \$46,500 for programming for this item and \$111,500 for programming and forms for disability special plates. ADOT would need to absorb their estimated cost of \$75,500 to publicize the amendment's changes to vehicle registration credits and refunds.

This section of the amendment would have an effective date of July 1, 2004. It is assumed that ADOT would do their programming and publicize the new system to the public during FY 2004, and that the new system would begin functioning on July 1, 2004.

- 2) Special vehicle license plates with a disability symbol:

ADOT currently charges an annual \$25 personalized plate fee (in addition to a special plate fee) for special plates with a disability symbol, if ADOT does not produce such a special plate as a stock inventory item. The amendment would require

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Analysis (Cont'd)

that ADOT not charge an additional annual \$25 personalized plate fee for these plates. There were 75 special plate customers in this category as of December 31, 2002. Under the amendment, there would be an annual decrease of \$(1,900) revenue to HURF for these 75 plates.

The amendment would categorize any special plate with a disability symbol as not being a personalized plate. In addition to the 75 special plates above, there were 52 veteran personalized plates with a disability symbol, as of December 31, 2002. These 52 veteran plate customers pay an additional \$25 annual personalized plate fee for the personalization of the plate, not for the disability symbol (since ADOT produces veteran special plates with a disability symbol as a stock inventory item). Under the amendment, there would also be an annual decrease of \$(1,300) revenue to HURF for these 52 plates, since the amendment would no longer categorize them as personalized due to the presence of a disability symbol on the plates.

ADOT estimates one-time expenditures of \$111,500 from the State Highway Fund for disability special plates, including \$108,000 for programming and \$3,500 for new forms. ADOT reports that they would have to change the programming for about 30 different types of license plates to be able to identify plates with disability symbols. ADOT reports that they usually contract out this type of programming. The \$108,000 includes \$3,200 for 40 hours at \$80/hour for a senior analyst, \$58,500 for 900 hours at \$65/hour for a programmer, \$43,200 for 1,800 hours at \$24/hour for a business process analyst, and \$3,100 for overhead at 3%. As mentioned above, The amendment allocates a total of \$158,000 for implementation costs of this act, including \$111,500 for this item and \$46,500 for credits for vehicle registration and license plate fees and taxes.

ADOT also reports that they will have to redesign certain special plates to make sufficient room for a disability symbol, including congressional medal of honor, former prisoner of war, pearl harbor survivor, alternative fuel, and all collegiate plates. ADOT would expect to use the new design on future plates, instead of doing a plate replacement.

ADOT reports that there were 68,884 special plates, which did not have disability symbols as of December 31, 2002. Under the amendment, some unknown increased number of these special plate customers may request special plates with a disability symbol due to the removal of the additional \$25 annual personalized plate fee.

This section of the amendment would have an effective date of July 1, 2004. It is assumed that ADOT would do their programming during FY 2004, and that the new system would begin functioning on July 1, 2004.

3) Transplantation awareness special plate:

The amendment would require ADOT to issue a transplantation awareness special plate, if a private nonprofit group pays \$32,000 to ADOT for implementation costs by June 30, 2004. ADOT estimates total implementation costs of \$32,000, including \$19,800 for programming, \$3,500 for forms, \$8,100 for plates, and \$600 for shipping. ADOT should bear no costs to implement this provision, due to the \$32,000 payment required from a private nonprofit group for implementation costs.

The amendment would establish a non-appropriated Transplantation Awareness Fund, which would be administered by the ADOT director who would be required to annually allocate the monies in the fund to a private nonprofit group that promotes transplantation awareness. Any interest earned on monies in the fund would be credited to the fund, and monies in the fund would be exempt from lapsing.

The amendment would establish a \$25 original special plate and annual renewal fee, including \$8 to the State Highway Fund for administrative costs and a \$17 donation to the Transplantation Awareness Fund. There is no estimate of annual revenue, since ADOT could not estimate the annual volume of transplantation awareness special plates.

This section of the amendment would have a general effective date.

Local Government Impact

The revenue impact of the amendment's changes to credits for vehicle registration and license plate fees and taxes is unclear for Highway User Revenue Fund and vehicle license tax distributions to local governments beginning in FY 2005.

For disability license plates, local governments would have an annual decrease of \$(1,800) in their Highway User Revenue Fund distributions beginning in FY 2005, including decreases of \$(1,000) to cities, \$(600) to counties, and \$(200) to controlled access highways in Maricopa and Pima counties.

There would be no local government impact for transplantation awareness special plates.